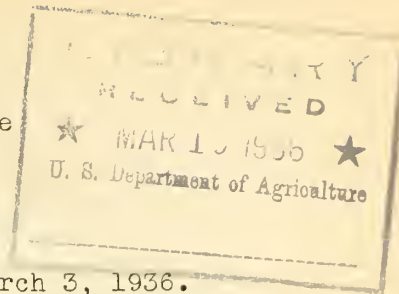


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United States Department of Agriculture
Bureau of Agricultural Economics
Foreign Agricultural Service
Washington, D. C.



March 3, 1936.

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CF-87

FOREIGN NEWS ON CITRUS FRUIT

Comments on the Condition of the Italian Citrus Industry in January

Summary: Exports of fresh citrus and citrus by-products from Italy from December 1 to the middle of January were smaller than last season but prices have been fairly well-maintained so far, according to unofficial information sent to Agricultural Attache N. I. Nielsen at Paris from Consul Alfred T. Nester and Vice Consul Paul J. Reveley of Palermo, Italy. No official information on Italian production or trade has been available since sanctions were imposed and it has been very difficult to get unofficial information. Consequently, the following statements represent the situation in the Italian citrus industry as nearly as can be determined under the circumstances.

FRESH CITRUS

Shipments from December 1 to January 15: Shipments of fresh lemons in December were limited to Germany, Austria and Hungary, the two latter markets being of comparative unimportance. These countries have not imposed sanctions against Italy. A very rough estimate of exports is that about 250,000 boxes of lemons left Sicily by ship and rail during December. December shipments of lemons to the Italian forces in East Africa aggregated not more than 15,000 boxes, according to the Palermo Consulate. The Italian Government is still buying lemons principally in the Palermo district. These are taken in small lots and shipped to Africa for consumption shortly after arrivals there because of the lack of storage facilities at the supply bases in Eritrea and Somaliland. Lemon shipments, in the first half of January, have been much smaller as German importers did not start using their permits until that time. The latter have been offering lower prices for Italian lemons since the end of November because of the poor demand situation caused by sanctions. Dealers state that shipments in December by rail to Trieste were larger than usual.

Shipments of oranges to non-sanction countries were somewhat smaller than last year. There are no figures available. This trade is in a more favorable position than the lemon trade as the orange crop is appreciably smaller this year; the principal market, Germany, is still open; and the domestic sales have been aided by the higher prices ruling for apples, pears, etc. It is said, however, that the competition offered Italian oranges this year on the German market by Spanish and Palestine oranges is keener than usual. Palermo oranges, the best Sicilian brand, are now bringing 90 Lire per quintal, f.o.b. Catania (\$2.30 per box of 70 pounds).

Palermo shippers estimate that from 40 to 45% of the Messina lemon crop is still on the trees and from 80 to 85% of the crop in the province of Palermo is still unpicked. For all of Sicily, these estimates indicate that there is a maximum of 60% of the crop still on the trees. Palermo lemons matured nicely in December and up to the present as there has been less than normal rainfall and bright sunny days for the last several weeks. Under the present political situation no one can make more than a guess as to how the remaining lemons here will be sold or utilized. Shippers are doing business only from day to day and growers are selling more and more of their production for by-product manufacture. As discussed in a following paragraph, prices for culls and market lemons are converging to a degree heretofore unknown in the Italian lemon trade.

Shipments to the United States - Prices: Lemon shipments from Sicily to the United States from January 1 to January 15, 1936, as per declared consular invoices aggregated 832,110 English pounds, net weight, valued at \$25,129, C & F, New York. This is equivalent to approximately 11,100 boxes (75 lbs.) of lemons, orchard run. According to official Italian statistics, lemon exports from Italy to the United States, in January, 1935, aggregated 3571 quintals, which is equal to 785,620 pounds or about 10,475 boxes of orchard run lemons. It would appear, therefore, that exports in January, 1936 will be more than double the January, 1935 figure. Official statistics state that 5215 quintals were exported to the United States in January, 1934, and 10,452 quintals in January, 1933. Lemons shipped from here to the United States in this month to date have an average declared value of about \$2.25 a box, C & F, New York. In this price are included: \$0.30 (approximately) for the container, \$0.70 for Ocean freight per box, and an amount which varies on different invoices from \$0.30 to \$0.60 for other charges such as packing, local cartage, shipping expenses and invoice fee or \$1.30 to \$1.60 a box which would leave the exporter from 65¢ to 95¢ a box. The charges, usually paid by the importer, at New York are import duty, trucking, and insurance or roughly \$2.00. The total cost to the importers in New York would be around \$4.25 to \$4.50 a box. Shippers here say that Sicilian lemons must bring around \$5.00 per box to the New York importer in order to show a modest profit all around. They also state that it is difficult to get this price for Sicilian lemons in New York. Exporters here believe that the California industry will reduce its lemon by-products production this year and will thus have adequate supplies for the domestic demand and for the present larger demand from European markets.

Prices: Present prices of Palermo lemons are around 20 Lire per quintal (\$0.55 per box of 75 lbs.) for export lemons at the grove, according to local packers. This price is equal to about 25 Lire per quintal (\$0.69 per box) delivered at the warehouse. German and other buyers are offering at present 16 to 17 Lire per box (\$1.29 to \$1.37) export grade, f.o.b. Palermo or Messina. Grove prices have dropped off by about 5 Lire in the last four weeks; or 14¢ per 75 lb. box.

BY-PRODUCTS

Culls: It is said, on reliable authority here, that the price of culls at present in Messina is approximately 18 Lire per 100 kilograms (\$0.49 per box), delivered at the warehouse. This, if true, is an exceedingly high price about double that at the corresponding time of last year. It is also said that these cull deliveries contain quantities of lemons of fair export grade, although now well advanced in maturity. This leads around to a question which no one seems to be able to answer definitely at present: The volume of by-products production here this year. Even assuming that culls can be bought for three or four lire less than the above reported price, the high price of the raw material would not encourage lemon oil manufacturers to produce large amounts, especially with export markets indefinitely restricted by sanctions. On the other hand, the high price paid by the Government for citrate of lime, amounting to 300 Lire per quintal (11¢ per pound) will support the cull price at a higher level than last year, at least until the 8,000,000 Lire (\$645,000) appropriated for citrate of lime purchases is exhausted. The basic reason for forecasting an unusually large production of by-products here this season is that these can be stored for a long period whereas the period of conservation of the fresh fruit is of course very limited.

Oil of Lemon: Stocks of lemon oil from the 1934-35 production on hand at the end of December, were practically nil according to one reliable source of information in Palermo. With regard to old stocks, it is believed that there are really no more than a few thousand pounds of old oil on hand. From general information obtained in the past, it is known that December is the big month for the production of lemon oil in Sicily, especially in the important Messina district. Messina lemons are usually well advanced in maturity in the last month of the year, with rich oil content, and culls are available from the end of November. The restricted export markets for fresh lemons also favor the production of by-products. Any statement as to the volume of production in December would be a pure guess since government and semi-government offices will give no figures of any kind, having been strictly forbidden to do so. Several lemon shippers here state that shipments of fresh lemons by rail in December to Trieste were very heavy and that the warehousing and packing facilities there had to be enlarged. The price of lemons at the grove were quite steady during December. This information is taken by some persons to indicate that fresh citrus and by-products are reaching sanction countries through Germany, Austria and Switzerland.

There were two shipments of oil of lemon to the United States in December, invoices of which were certified at the Palermo Consulate. One shipment, actually despatched at the end of November, covered 5000 English pounds of pure oil of lemon, valued, without containers, freight or any other charges, at \$1.385 per pound. The other shipment despatched around the middle of December, covered 4,500 pounds pure oil of lemon valued at \$5,378.90 unpacked, or about \$1.275 per pound.

Oil of Orange: It is said locally that there was very little production of sweet orange oil in Sicily in December, that the stocks are exhausted and that there were no sales. This information is not believed to be accurate. If official statistics are later made available, it will probably be seen that the usual big December production was made last month. Domestic consumption of the fresh fruit has been increased a little this year over 1934, but there has nevertheless been in the past month an abundance of ripe oranges for oil production. It is hoped by the end of January to obtain some reasonable estimates of orange and lemon oil production for the first two months of the trade year.

Bergamot and Mandarin Oils: Information received that there was very little bergamot oil produced in December is believed to be correct. It is believed that about 10,000 kilograms (22,000 pounds) of mandarine oil was produced in Sicily and Calabria in December. The latter figures is an estimate of a very general nature.

Prices: An exporter in Palermo states that the price of spong lemon oil at the end of December averaged between 8 to 9 Lire per Sicilian pound (\$0.92 to \$1.04 per English pound) and oil of sweet orange, 20 Lire per Sicilian pound (\$2.30 per pound). Prices of bergamot and mandarine oil were steady throughout the month at around 18 Lire per Sicilian pound (\$2.07 per pound) for bergamot and 27.60 Lire per Sicilian pound (\$3.18 per pound) for mandarine oil.

Citric Acid: Concerning this product it was heard on good authority in Palermo that, because of sanctions, Germany will take the Italian production of natural citric acid this season, and that France, England and perhaps other countries will take the western European production of synthetic acid. The informant further stated that this arrangement had been agreed upon by the citric acid cartel. It was also learned that if Italy obtains good prices this year for its natural citric acid, the Italian members of the group will probably not be satisfied with the same quota for next year. The future of the agreement therefore seems very uncertain. Another weak point, according to the informant, is that the production of synthetic acid cannot be checked easily, from which it might be assumed that Italian producers do not attach too much faith to the production figures of the latter article.